

CableFAX Daily™

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What the Industry Reads First

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Info Overload: AT&T, Ops Continue Focus on Data Services

AT&T has already upped its max broadband speeds in U-verse markets to 24Mbps this year, and this summer the telco will begin testing in unknown markets a service offering up to 80Mbps. As DOCSIS 3.0 rollouts have helped cable ops garner a disproportionate share of broadband subs recently, the plan is hardly surprising. But perhaps a bit shocking is AT&T Mobility and Consumer Markets pres/CEO *Ralph de la Vega's* staunch dismissal of any advantage afforded cable from higher broadband speeds. "Even though [cable] may claim a faster speed, what customers want is consistency and reliability, and we provide that, especially through our U-verse platform," said de la Vega at a JP Morgan conference Wed. "The speeds that are out there now [from us], customers rave about and help us compete against the cable guys." Indeed, AT&T does boast in U-verse markets an impressive broadband attach rate that exceeds 90%. And, of course, AT&T is joining Verizon in coming after cable with a heavy focus on mobile broadband and data capacity, thrusts aided by the telcos' raft of subs using smartphones. "Our approach is to mobilize everything a customer does," said de la Vega. Demand for data services across platforms is absolutely increasing with robustness, leaving plenty of upside for multi-channel ops. Said Verizon CFO *John Killian* at the conference Tues: "We don't even know what all the opportunities are for data revenue." Time Warner Cable is content with its limited DOCSIS 3.0 availability and mobile broadband play—at least for now—and isn't planning to accelerate speed expansion in response to increases from AT&T or anyone else. Instead, demand from particular customer segments will dictate additional DOCSIS 3.0 rollouts, said COO *Landel Hobbs* at the conference. But he suggested that future changes in consumer predilections and competitive offerings surrounding data services/devices could ultimately dictate ops' pathways. "Down the road, if the wireless air card catches on in real popularity, there is the ability to do a WiMAX voice application that we will continue to monitor and look at." No doubt early results from Cox's imminent launch of mobile voice services will receive a lot of attention.

More Retrans: More comments on a petition at the FCC to overhaul retrans came in Tues night. Cox Ent, which owns both an MSO and broadcast group, said it wants the FCC to look at the impact of networks getting involved in retrans negotiations, including their attempts to get a cut of retrans dollars paid to non-owned broadcast affiliates. Under Congressional rules, retrans compensation should go to the local TV broadcasters for improving station performance and service to local

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communities, Cox said. It also said the FCC should explore creating a “well-defined govt sanctioned fair path to resolution” when retrans talks break down—such as binding arbitration, mediation, an expert tribunal, etc. Plenty of broadcasters, including the Big 4, opposed the petition filed by **Time Warner Cable**, **DirecTV** and others. In a joint filing, **Fox**, **CBS**, **Disney**, **NBC** and **Univision** argued it’s not only unnecessary but that the FCC also lacks the statutory authority to get involved. **Cablevision**, which is part of the coalition petitioning the FCC, suggested 3 amendments to the retrans good-faith rules: require broadcasters to offer their signal on nondiscriminatory terms, require retrans prices to be transparent and public, and require broadcasters to create a cash price for their signals. “When broadcasters receive compensation for retransmission consent in non-cash forms, such as carriage of additional programming services, marketing support, advertising time, and other forms of consideration, the true costs of retransmission consent on the public cannot be readily identified,” the MSO said. **ACA**, another petitioner, told the Commission that small ops unfairly pay at least twice as much as larger providers, said analyses performed at ACAs request by Dr. *William Rogerson*, a Northwestern prof and former FCC Chief Economist (98-99). **Discovery** also added its name to the list of independent programmers supporting retrans change (*Cfax*, 5/19).

Cuckoo for Coco: The **TBS/TNT** upfront kicked off with **Turner’s** biggest name of the season, *Conan O’Brien*, who first appeared on a video wearing a fake beard and fat suit, which he then comically whipped off for his cable debut. Appearing on stage in front of media buyers at Wed’s presentation, O’Brien pledged his devotion to cable, saying he “wouldn’t want to live in a world without six **ESPNs**.” Subtle jabs at the late night host’s former home abounded—Turner Ent Nets Pres *Steve Koonin* thanked “a certain NBC executive for handing over two of TV’s most acclaimed programs,” referring to Conan’s late night talker (debuts on TBS Nov 8) and acquired police drama “Southland.” O’Brien praised Koonin, saying “we met on JDate and clicked instantly.” TBS and TNT plan expanded original line-ups in a strategy defined by programming chief *Michael Wright* as “developing series directed to the young, diverse audiences already coming.” For TBS, these new shows include: “Glory Daze,” a college fraternity comedy set in 1986; animated series “Neighbors from Hell,” developed to appeal to “Family Guy” fans; and the *Ice Cube*-produced “Are We There Yet?,” a “big-hearted” family comedy based on the film of the same name. TNT will expand its original programming from 3 to 4 nights, moving 5th-season hit “Leverage” to Sun. New dramas include female buddy cop show “Rizzoli & Isles;” legal dramedy “Franklin & Bash;” and “Memphis Beat,” starring Jason Lee as a blues-loving Memphis cop. “The Closer;” “Saving Grace;” “Dark Blue;” and most recent hit “Men of a Certain Age” will return. TNT also announced the *Steven Spielberg*-produced “Fallen Skies” to debut in summer ‘11, a blockbuster series following the attempts of a band of humans to defeat alien invaders.

Merger Beat: *John Flynn*, former gen counsel for satellite company **ICO Global**, will head the **FCC** team working on the review of the proposed **Comcast/NBCU** jv. Flynn was named sr counsel to the chmn for transactions. His bio includes stints as a law clerk to Supreme Court Justices *Byron White* and *John Paul Stevens* and time as vp, deputy gen counsel of Commerce One. It had been reported that the FCC was leaning toward bringing in someone from the outside to spearhead the review, freeing up the agency to concentrate on the National Broadband Plan.

Competition: **Verizon** expanded the availability of its **FIOS TV Mobile Remote** app to include the Droid and other smartphones, and said the app, which allows smartphones to double as TV remotes, plus the **FIOS TV DVR Manager** app have together been downloaded more than 250K times.

In the Courts: In a decision that could have far-reaching implications for both content providers and owners playing in the multiplatform space, a US District Court in NY rejected **ASCAP’s** proposed rate structure covering the feature of org musical compositions through defendant **MobiTV’s** mobile and Web TV services. Instead, the court ordered **MobiTV** to pay ASCAP licensing fees that are less than 2% of the amount proposed by the org. “Ultimately, we believe this will help clarify the cost structure of mobile content distribution,” said **MobiTV** CEO *Charlie Mooney* in a release.

Over-the-Airheads: **NAB** continues to beef up, announcing the addition of 90 radio and TV stations as members. Leading the growth is **Max Media**, which owns or operates 44 radio and TV stations in 10 states and Puerto Rico. Last week, NAB said **Fox** and **CBS** had rejoined the fold, meaning all of the Big 4 are now members.

Programming: Citing ratings, *Campbell Brown* is ending her **CNN** show. No word yet on what the net will place in the 8pm timeslot or when Brown’s last show will air.

BUSINESS & FINANCE

Editor's Note: Don't forget to enter our 3rd annual **CableFAX Program Awards**, which recognizes the best content among cable nets. Submission deadline is Jun 4 (late deadline is Jun 11). More info is at <http://www.cablefax.com/cfp/awards/Program2010/>. In addition, remember to reserve your seat or table at our **Sales Executive of the Year** awards in NYC on Jun 15. Check here for more info: <http://www.cablefax.com/cfp/events/seoy2010/>. And then on Jun 16, we're holding an eye-opening workshop in our NYC office. We're calling it "Social Media 3.0," and it will explore emerging platforms beyond **Facebook** and **Twitter**. You won't want to miss this one. We're limiting this to 25 seats, so spots are going quickly. More info at <http://www.cablefax.com/cfp/training-20100616.html>.

Business/Finance: NBC exercised its right to have the approx 6.45mln shares it owns in **ShopNBC** parent **Valuevision** registered for sale. The share count equates to a 20% stake in the co. On Wed, ShopNBC reported a 6.6% dip in 1Q rev to \$125mln, adjusted EBITDA of -\$4.3mln (compared to -\$6.8mln a yr ago) and an 8.4% increase in gross profit to \$45.7mln. -- **Lionsgate** softened its stance against **Carl Icahn's** takeover bid by opening talks with the noted investor about possibilities for a deal, CEO **Jon Feltheimer** said while speaking in Hong Kong. Lionsgate still views Icahn's latest offer of \$7/share as woefully inadequate. LGF shares rose 2.4% on the news.

CableFAX Daily Stockwatch

Company	05/19 Close	1-Day Ch	Company	05/19 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	32.72	(0.49)	AOL:	22.75	(0.61)
DIRECTV:	37.79	(0.22)	APPLE:	248.34	(4.02)
DISH:	22.15	(0.32)	ARRIS GROUP:	11.52	0.02
DISNEY:	33.39	(0.34)	AVID TECH:	14.09	(0.23)
GE:	17.26	0.03	BIGBAND:	2.86	0.00
NEWS CORP:	15.79	(0.31)	BLNDER TONGUE:	1.34	(0.03)
MSOS					
CABLEVISION:	23.76	(0.3)	BROADCOM:	32.58	0.54
COMCAST:	17.58	(0.11)	CISCO:	24.26	(0.1)
COMCAST SPCL:	16.77	(0.17)	CLEARWIRE:	7.96	(0.25)
GCI:	6.18	(0.01)	COMMSCOPE:	27.95	(0.38)
KNOLGY:	12.74	(0.21)	CONCURRENT:	5.55	0.04
LIBERTY CAPITAL:	41.31	(0.23)	CONVERGYS:	11.51	(0.09)
LIBERTY GLOBAL:	24.82	(0.08)	CSG SYSTEMS:	21.70	(0.29)
LIBERTY INT:	12.89	(0.04)	EHOSTAR:	20.26	(0.38)
MEDIACOM:	5.39	(0.11)	GOOGLE:	494.43	(3.94)
RCN:	14.24	(0.06)	HARMONIC:	5.78	-0.00
SHAW COMM:	17.96	(0.36)	INTEL:	21.60	0.17
TIME WARNER CABLE:	51.19	(0.32)	JDSU:	11.19	(0.22)
VIRGIN MEDIA:	15.62	(0.02)	LEVEL 3:	1.28	0.02
WASH POST:	495.59	(6.13)	MICROSOFT:	28.24	(0.36)
PROGRAMMING					
CBS:	14.91	0.00	MOTOROLA:	6.81	0.03
CROWN:	1.85	0.05	PHILIPS:	30.84	(0.05)
DISCOVERY:	37.05	(0.04)	RENTRAK:	24.32	(0.27)
GRUPO TELEVISA:	18.37	(0.19)	SEACHANGE:	8.53	0.18
HSN:	25.78	(0.02)	SONY:	31.73	1.31
INTERACTIVE CORP:	22.30	(0.22)	SPRINT NEXTEL:	4.58	(0.12)
LIBERTY:	33.12	(0.07)	THOMAS & BETTS:	39.28	(0.59)
LIBERTY STARZ:	55.00	(0.13)	TIVO:	9.59	(0.31)
LIONSGATE:	6.85	0.16	TOLLGRADE:	6.42	(0.04)
LODGENET:	5.21	(0.16)	UNIVERSAL ELEC:	20.96	(0.27)
NEW FRONTIER:	1.88	0.01	VONAGE:	1.98	(0.1)
OUTDOOR:	6.47	(0.02)	YAHOO:	15.79	(0.24)
PLAYBOY:	3.99	(0.22)	TELCOS		
RHI:	0.25	0.03	AT&T:	25.57	(0.02)
SCRIPPS INT:	45.35	(0.88)	QWEST:	5.12	(0.07)
TIME WARNER:	30.76	0.14	VERIZON:	28.51	0.09
VALUEVISION:	1.97	(0.63)	MARKET INDICES		
VIACOM:	37.07	(0.46)	DOW:	10444.37	(66.58)
WWE:	16.41	(0.57)	NASDAQ:	2298.37	(18.89)
TECHNOLOGY					
ADC:	7.56	(0.23)			
ADDVANTAGE:	2.98	(0.03)			
ALCATEL LUCENT:	2.52	0.02			
AMDOCS:	30.95	0.22			
AMPHENOL:	42.99	(1.17)			

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Think about that for a minute...

TV Apps

There's something a little disconcerting about seeing history repeat itself. When you've been around the telecommunications regulatory scene long enough, you can't avoid the feeling. It was Einstein, after all, who noted that doing the same thing repeatedly and expecting to achieve a different result is a clear definition of insanity. But in our world I can only muse that "here we go again." There's no way law can keep up with technology, and I have to wonder why some folks keep trying.



Steve Effros

The "issues of the day" in telecommunications seem to be "net neutrality" and the government mandated development of an "AllVid" technology to assure that consumers can get anything from anywhere on a newly defined "Smart TV."

But as has happened so many times before, the "déjà vu" factor here is that by the time we really focus on these supposed issues and define what the objectives really are, the technology and consumer uses have rocketed ahead of us. The result is regulation or legislation that is out of date by the time the ink dries. Actually, I suppose that's an old aphorism. It's going to be out of date before the bloggers can start tweeting about it.

A report on a new study has just come out on the likely burgeoning use of "TV Apps." Now if you haven't tried these new applications already, and you are in our business, or you are a regulator, legislator or policy wonk in this business, you really ought to. Some "apps" or "widgets" appear on the home screen of my cable service. Others appear when I turn on my new Blu-ray DVD player. The newest study suggests that in less than 4 years, over 60 percent of the new television sets sold worldwide will have a direct Internet connection. Seventy percent of those will include an embedded app

platform or app store.

As important, the analysts project that of the expected 900+ million downloads they say will take place by 2015, one-quarter of them will be for paid services. So we have new technologies, feeding new consumer uses, and new business plans all blasting forward very successfully and projected to massively change the marketplace while at the same time the policy community is still arguing about writing rules and regulations as though all of these things aren't happening!

The cable industry has to have split vision. While those of us on the policy side continue to try to explain what is going on, and limit the damage that could be caused by regulations that will almost certainly be out of date before they are adopted, the business folks have got to keep their eye firmly fixed on what consumers are doing, what the market is really developing into, and how to serve our customers. No mean trick.

When it comes to the easily anticipated onslaught of "TV Apps," we have to make sure they work well, that the "MVPD" component of what we sell integrates well into the new "Smart TVs" that, in fact, are already being built, and probably as difficult, work with the creative community on what the new business relationships are going to be when consumers buy individual programs or "Netflix" type packages.

Of course none of this is writ in stone. What consumers actually do, how they choose to watch their entertainment or find their information is very fluid right now. We must be as flexible so that we can respond. Unfortunately, what's also as clear as it always has been is that the laws and regulations won't be.

Steve

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CableFAX's Customer Experience Management Guidebook

Lessons and Insights for the Cable Industry

CableFAX and The Cable Center collaborated to publish this 150-page guidebook on customer experience management for the cable industry. The guidebook includes case studies, tips and articles on understanding the foundations of customer experience management and gaining insight to use it to improve your business. You also will learn about the latest measurement strategies, research insights, personnel and compensation strategies, social media tactics and communications techniques for implementing customer experience management in your company.



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